

TAB

SUBJECT: Salary Increase

1. On 24 October 1951, the President approved legislation which grants a salary increase to Federal employees ranging from \$300 to \$800. The increase is retroactive to 8 July 1951 *for personnel*.

2. In computing salary payments, it is necessary that salary tables compiled by the General Accounting Office be employed and that office has seen fit to promulgate two tables, one for use in connection with the retroactive portion of the increase, the other to establish the new salary normals. The first table mentioned has been released; however, the latter has not been completed nor will it be published before 5 November 1951.

3. It has been determined that the most efficient method in granting the salary increase is to issue each employee one check which will include the amount due retroactively and salary for the then current pay period involved. Since complete information necessary for proper computations will not be available (for some time) *in time to properly compute retroactive payments for the first day paid in November*, such payments cannot be anticipated *will therefore be included in pay checks for the pay period ending on before the 23 November 1951.*

3 1/2. Confusing implications derived from information appearing in the newspapers has given rise to concern over income tax applicable to the retroactive portion of the salary increase if received subsequent to 1 November 1951. The Bureau of Internal Revenue has advised that tax due from each employee for the calendar year 1951 will be the same regardless of whether the payment is effected before or after 1 November 1951.

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*Ed - Please have amended as indicated
+ Hansen 10/10/51 & route thru [redacted] and Col
Hansen for concurrence.*

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Distribution: To each employee *Removed from File Labeled
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